



# APARTMENT REPORT

## SLOW ROAD TO RECOVERY

Liz Tilbury, CCIM, Director Commercial Integrity NW

You will notice changes in the report this time. Because of a reduction in survey participation, leaving certain submarkets with too few properties reporting for meaningful data, some areas were combined. Downtown and SW Portland were consolidated, as were Inner and Central NE Portland with N Portland; Outer SE and NE with Troutdale, Fairview, Wood Village and Gresham; and West and East Vancouver grouped under Clark County. Washington County data was grouped together, as was Clackamas County.

The overall vacancy rate of the nearly 30,000 units reported for the Portland Metro Area was 6.25%, up from 5.85% in spring when more than 43,000 units participated. Some markets did show signs of improvement. Inner & Central NE & N Portland declined from 7.01% to 5.52% and Clackamas County fell from 5.47% to 4.43%. Performance, however, was uneven across the various submarkets. Vacancy jumped in Downtown & SW Portland from 6.74% to 8.6%, and Washington County went from 5.64 to 6.73%. The vacancy rate in Outer SE & NE Portland, Troutdale, Fairview, Wood Village and Gresham increased from 5.82% to 7.07%.

## TABLE OF CONTENTS

- Key Takeaways 1
- Portland Area Map 2
- Average rent per square foot 3
- Average market vacancy rate 3
- Average number of day vacant 4
- Survey Results 5
- Incentives | Sec 42 | Lease-Ups 7
- Trend Report 10
- Fundamentals & Trends 11
- Multifamily Insurance 13
- Multifamily Financing 18
- Sponsors & Partners 18
- Board of Directors | Contributors 19

The survey for Portland Metro says that rents since last spring have remained essentially flat with an increase of only about 1%. According to Costar, rents in the City of Portland declined 1.1% in 2023, increased 1.3% in 2024, then decreased again 0.9 in 2025, for an average decline of almost three-quarters of one percent during the three-year period. This was at a time of drastic increases in operating expenses (payroll, admin, supplies, legal, utilities, advertising, taxes and especially insurance.) Although the increase in operating expenses varied widely (depending upon location, age and other factors), increases of 20% or more during this three-year period were not uncommon.

With higher than expected vacancy, lingering delinquency and concessions, 2026 was a rough winter for many owners and property managers in Portland metro, especially close-in westside. Hopes are high for the traditional seasonal recovery in spring/summer when people return to the area and the rental market rebounds.

For markets outside of greater Portland (Other Areas), vacancies increased from 4.81% in spring, 2025 to 5.68%. As with Portland Metro, this varied widely by sub-market. Bend/Redmond showed a vacancy of just over 3%, down from 6.02% in spring of last year although this was based on a small number of properties reporting. McMinnville/Newberg also showed signs of improvement. However, vacancy rose in Eugene/Springfield by more than 60%, from 3.56% to 5.93%, based on more than 2800 units surveyed, and vacancy increased in Forest Grove/Cornelius as well.

Many of these smaller cities, which were largely ignored by most regional and national investors 10-15 years ago, are considered desirable places to invest, assuming they have an employment base. This is a complete reversal of when Portland, with its reputation as a model city—beautiful, vibrant, well run, growing, clean, polite, a beacon of urban planning—carried a premium for investors, residents, and lenders.



## KEY TAKEAWAYS

VACANCIES UP SLIGHTLY

RENTS FLAT

TIGHTEST: SE PORTLAND & CLACKAMAS

HIGHEST VACANCY: DOWNTOWN & SW PORTLAND



## AVERAGE RENTS PER UNIT TYPE:

| PORTLAND METRO AREA |

	SPR 2026	SPR 2025
STUDIO	\$1,254	\$1,301
1 BDRM/1 BTH	\$1,514	\$1,521
2 BDRM/1 BTH	\$1,554	\$1,551
2 BDRM/2 BTH	\$1,926	\$1,945
2 BDRM TH	\$1,861	\$1,823
3 BDRM/1 BTH	\$1,826	\$1,765
3 BDRM/2 BTH	\$2,148	\$2,180

As we all speculate on when our city will come back, Arie van Gemenen, CFA The Timeless Investor and Lombard Equities, rightly takes the long view. He points out in his article how the Pacific Northwest has an investment edge that is rarely discussed, let alone underwritten: its supply of fresh water. Although this does not replace traditional fundamentals

(continued on page 2)

of underwriting, it positions this area very favorably in the future, especially when compared to regions of the country, such as the Sunbelt.

### APARTMENT FUNDAMENTALS AND TRENDS

Respected market authority and appraiser Patrick Barry, Barry & Associates, tells us in his article that in spite of the lack of new construction, Costar forecasts annual rents will be flat this year and then see only minor increases (1.5-2.5% annually) through 2031.

Patrick says, “the market appears to have avoided a third consecutive year of declining values and, while it may be too early to categorize the market as in a recovery phase, current data indicates the market may be moving in a more favorable direction.” Many of the sales, which have occurred, have involved highly-motivated sellers, setting a new “normal” for buyers, lenders, appraisers and brokers. Sellers who do not have to sell are often choosing to wait until values recover. Vintage (pre-1940) buildings in the City of Portland have been particularly hard hit with median price per unit down 39% since 2023, and 2025 prices in line with values 13 years ago.

Newer construction (built since 2010) is another segment of the market which has been under pressure with a number of distressed sales and capital calls to refinance construction financing coming due.

### MULTIFAMILY INSURANCE MARKET SUMMARY

Mike Nielsen, Nielsen Insurance Agency, tells us underwriting scrutiny has increased along with rises in premiums. Most carriers require certain systems, such as electrical, plumbing and roofing, be upgraded within the last 30 years. The argument that these older systems are grandfathered and the buildings built according to code at the time are no longer accepted.

Mike says, “proactive ownership is vital in this constantly evolving world of risk assessment to alleviate future insurance increases and stability for their insurance programs.”

### MULTIFAMILY FINANCE: WHAT TO KNOW IN 2026

Matt Illias, Senior Managing Director, Partner at Ethos Commercial Advisors, says quality and experience of the borrower is more important than ever. In the permanent loan market, “what has shifted somewhat over the last year is not so much agency appetite as agency preference: stronger sponsorship, deeper operating history, and larger ownership platforms appear to be carrying more weight in the underwriting platform.”

There are signs of improvement in the construction financing market, bringing badly needed relief to developers, but traditional value-add bridge financing is scarce. Bridge capital is available for construction take-outs and newer assets that need time to stabilize, especially for experienced, well capitalized borrowers.



The 10-year Treasury rate appears on paper to have been relatively stable so far this year (fluctuating between 3.97 and 4.3%.) Even small shifts in the Treasury rate, however, can have big impacts on loan proceeds, as the underwriting is debt-service-coverage driven.

### WATER IS THE MOAT

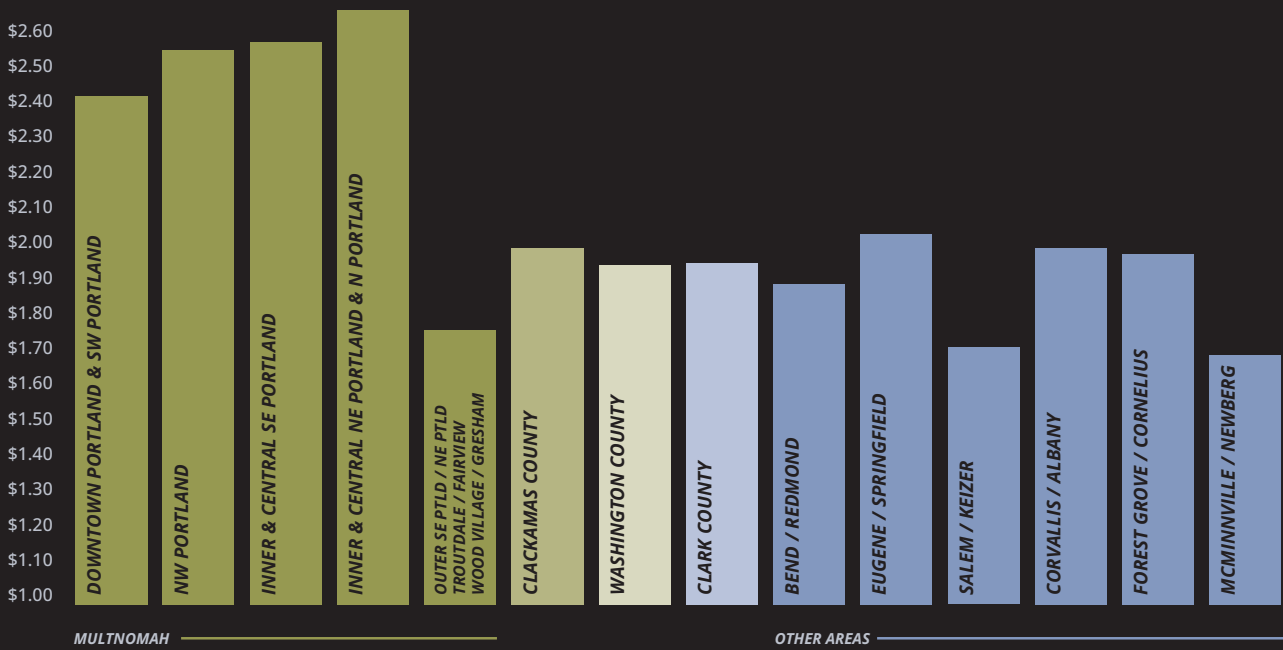
Arie van Gemeren, CFA/The Timeless Investor & Lombard Equities Group, discusses a problem rarely factored into underwriting, but which has critical bearing on long term value. Access to water is “literally the oldest law in real estate.” Along with cap rate, cash-on cash, internal rate of return and other measures of value, a dependable water source will become an important consideration for investors and lenders. Buyers, in looking at an investment, should be asking themselves “What is the municipal water supply’s long-term reliability? What’s the trend in water costs? Is new development in this submarket being constrained by infrastructure capacity?”

The answers to these and other questions will factor prominently into determining the long-term viability of an investment and position our area favorably with respect to markets like Phoenix, Las Vegas, Los Angeles, and Houston. The impact of climate disruption is a new variable we will have consider when making investment decisions. ■

*Liz Tilbury is a well-respected leader in the multifamily real estate industry. For the last 1 ½ years Liz has been working with Commercial Integrity NW, on top of an impressive career spanning over four decades as the original founding member of Tilbury Ferguson Investment Real Estate Inc., accounting for more than \$1.8 billion in sales.*

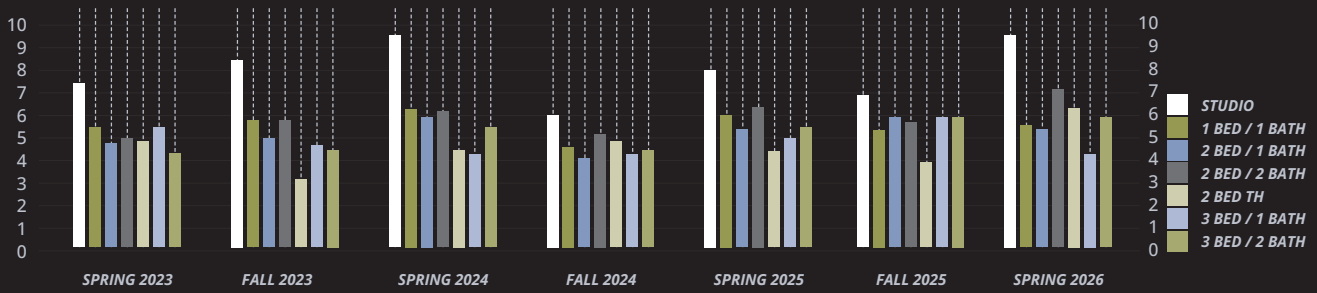


## AVERAGE RENT PER SQUARE FOOT \$

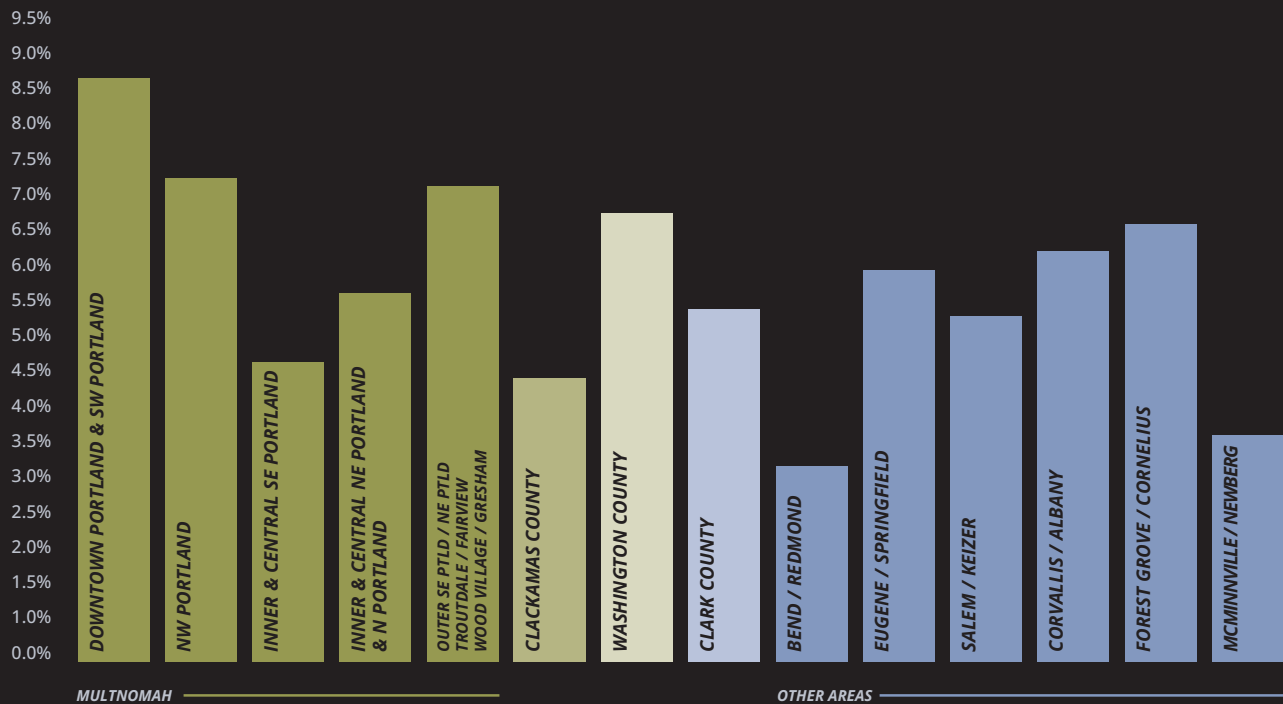


## VACANCY RATE SINCE SPRING 2023

PORTLAND / VANCOUVER METRO AREA



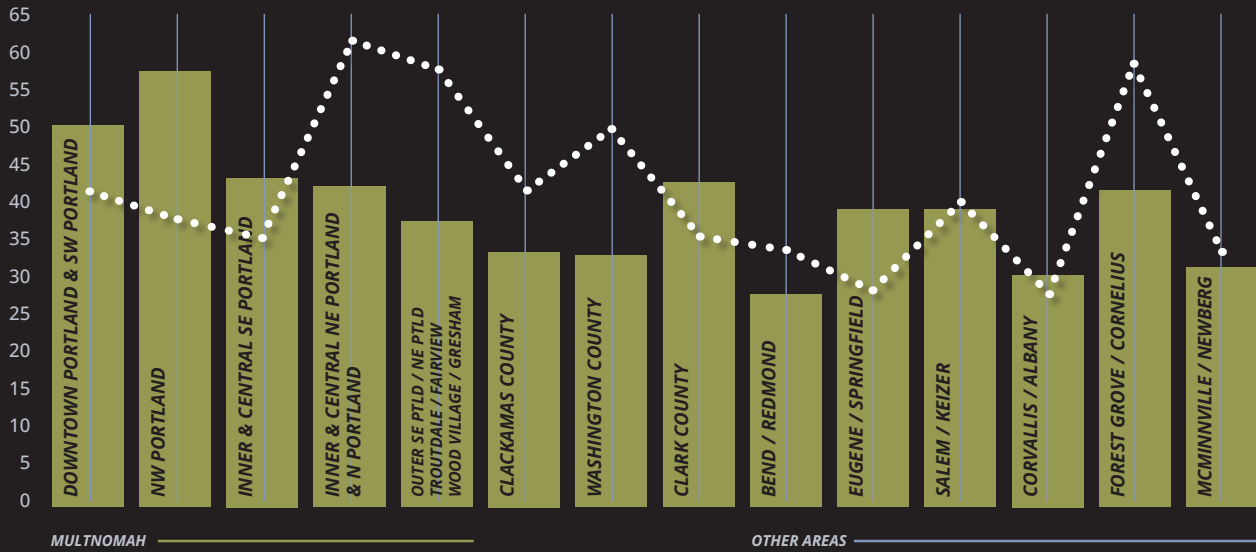
## AVERAGE MARKET VACANCY RATE %



AVERAGE NUMBER OF DAYS VACANT

| A YEARLY COMPARISON |

SPRING 2026 ■  
SPRING 2025 ●●●●



# Build Your Legacy



## The #1 Multifamily Brokerage in the Portland-Vancouver Metro

As HFO celebrates a quarter-century at the forefront of the Pacific Northwest apartment market, we remain committed to continuing our legacy of community betterment, leading the multifamily landscape with integrity into the next era.



[www.hfore.com](http://www.hfore.com) • (503) 241-5541

# SURVEY RESULTS

## SPRING 2026 PORTLAND-VANCOUVER

In Spring 2026, the Portland rental market's average vacancy rose to 6.25%, a 7% year-over-year increase, while rents stabilized at \$2.08 per square foot. Regional shifts were significant: vacancy surged in Downtown/SW Portland (28%) but tightened sharply in Inner NE/North Portland (-21%) and Clackamas County (-19%). Studios remain the most expensive and available units (9.53% vacancy), whereas 3-bedroom units are the most occupied at just 4.28%.

AREA NAME	# OF PROP	SURVEY DATA	SPRING 2026	SPRING 2025	% CHANGE	STUDIO	1BED 1BTH	2BED 1BTH	2BED 2BTH	2BED TWNHS	3BED 1BTH	3BED 2BTH
<b>Downtown &amp; SW Portland</b>	37	Avg market vacancy rate %	8.6	6.74	28	11.66	5.71	9.17	9.34	9.52	8.33	7.75
		Avg rent per sq foot \$	2.41	2.31	4	2.89	2.3	1.89	2.38	2.2	1.65	1.7
		Avg rent per unit type \$				1284	1543	1527	2321	2168	2250	2061
		Sum of properties surveyed	37	59		23	34	19	7	2	4	6
		Sum of units surveyed	2574	3277		755	965	243	390	80	12	129
<b>NW Portland</b>	67	Avg market vacancy rate %	7.28	7.01	4	9.89	6.61	5.24	7.32	0	3.03	6
		Avg rent per sq foot \$	2.54	2.44	4	3.02	2.54	2.06	2.23	2.16	1.95	1.76
		Avg rent per unit type \$				1213	1640	1657	2340	2574	1867	2150
		Sum of properties surveyed	67	76		47	63	24	12	2	3	4
		Sum of units surveyed	3061	3432		709	1531	287	437	14	33	50
<b>Inner &amp; Central SE Portland</b>	42	Avg market vacancy rate %	4.56	5.09	-10	12.1	3.27	3.56	10	.85	4	0
		Avg rent per sq foot \$	2.57	2.29	12	3.37	2.41	1.92	2.05	0	2.12	1.61
		Avg rent per unit type \$				1160	1423	1589	1908		2118	2310
		Sum of properties surveyed	42	106		19	33	23	7	0	1	3
		Sum of units surveyed	968	3007		293	405	237	17		8	8
<b>Inner &amp; Central NE Portland &amp; N Portland</b>	35	Avg market vacancy rate %	5.52	7.01	-21	6.05	5.4	4.29	17.95	4.88	7.69	0
		Avg rent per sq foot \$	2.65	2.2	20	3.47	2.41	2.01	2.38	2.08	0	1.84
		Avg rent per unit type \$				1200	1500	1625	2607	1899		1947
		Sum of properties surveyed	35	97		15	33	19	2	4	0	2
		Sum of units surveyed	1366	4682		393	708	200	26	23		16
<b>Outer SE &amp; NE Portland, Troutdale, Fairview, Wood Village &amp; Gresham</b>	54	Avg market vacancy rate %	7.07	5.82	21	2.22	4.7	8.36	8.69	3.52	11.76	7.19
		Avg rent per sq foot \$	1.75	1.77	-1	2.84	1.91	1.69	1.63	1.53	1.56	1.68
		Avg rent per unit type \$				1176	1279	1489	1612	1419	1671	1952
		Sum of properties surveyed	54	59		8	37	40	18	7	12	18
		Sum of units surveyed	2623	4591		55	627	1150	472	142	23	154
<b>Clackamas County</b>	55	Avg market vacancy rate %	4.43	5.47	-19	6.76	4.64	3.9	4.08	8.22	0	4.66
		Avg rent per sq foot \$	1.99	1.96	2	2.89	2.28	1.84	1.88	1.78	1.62	1.76
		Avg rent per unit type \$				1419	1568	1562	1913	1897	1538	2217
		Sum of properties surveyed	50	54		10	33	33	19	6	5	23
		Sum of units surveyed	5203	6057		156	1476	1224	1376	196	38	737
<b>Washington County</b>	100	Avg market vacancy rate %	6.73	5.64	19	6.06	6.85	5.28	7.83	7.98	4.4	7.13
		Avg rent per sq foot \$	1.93	2	-4	2.85	2.13	1.76	1.86	1.78	1.76	1.78
		Avg rent per unit type \$				1461	1476	1564	1879	1909	1855	2180
		Sum of properties surveyed	100	110		12	81	68	54	12	15	38
		Sum of units surveyed	10535	13396		146	3420	2531	2976	419	196	847
<b>Clark County</b>	33	Avg market vacancy rate %	5.39	5.14	5	8.25	3.96	5.83	6.58	5.13	0	3.96
		Avg rent per sq foot \$	1.93	1.94	-1	2.62	2.16	1.76	1.87	1.44	2.2	1.72
		Avg rent per unit type \$				1275	1545	1544	1871	1886	1872	2019
		Sum of units surveyed	33	42		6	24	20	17	2	2	10
		Sum of units surveyed	3001	4639		97	880	863	850	30	3	278
<b>Total avg market vacancy rate %</b>			6.25	5.85	7	9.53	5.64	5.44	7.1	6.23	4.28	5.89
<b>Total avg rent per sq foot \$</b>			2.08	2.07	0	3.06	2.25	1.79	1.91	1.78	1.76	1.75
<b>Total avg rent per unit type \$</b>						1254	1514	1554	1926	1861	1826	2148
<b>Total sum of properties surveyed</b>			423	603	-30	140	338	246	136	35	42	104
<b>Total sum of units surveyed</b>			29331	43295	-32	2604	10012	6735	6544	904	313	2219

# SURVEY RESULTS

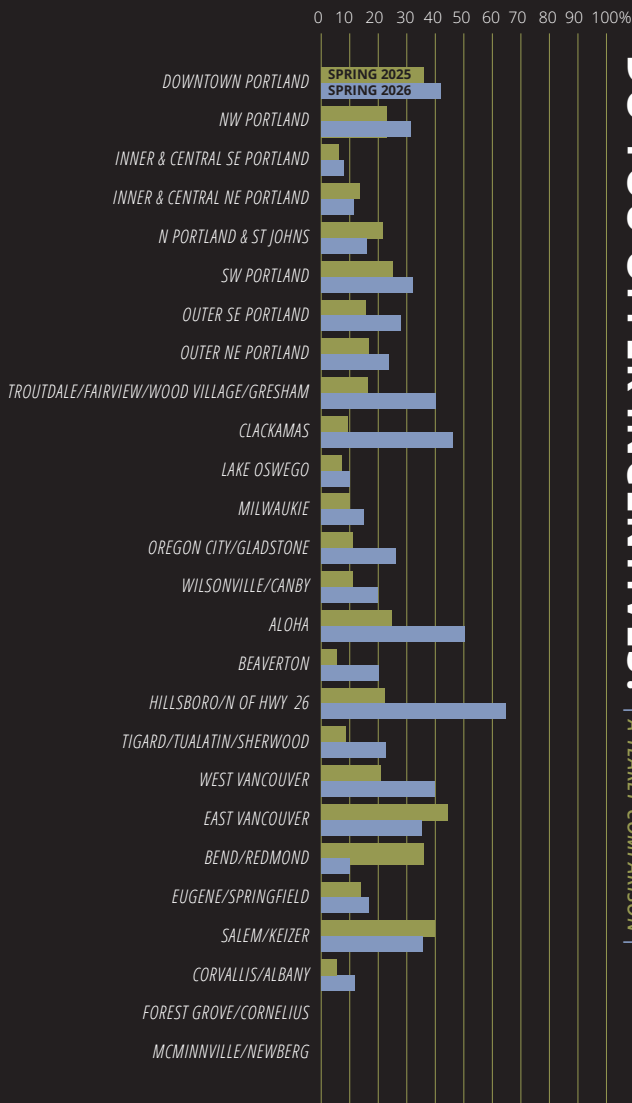
## SPRING 2026 OTHER AREAS

The Spring 2026 apartment survey for Oregon's "Other Areas" reveals a market undergoing steady expansion and rising costs, with the total average rent per square foot increasing 4% to \$1.90 and the overall vacancy rate climbing 18% to 5.68%. While major markets like Eugene/Springfield saw a significant jump in vacancy to 5.93%, other regions like Bend/Redmond experienced a sharp 50% decline in availability, dropping to a tight 3.03%.

OTHER AREAS SURVEYED

AREA NAME	# OF PROP	SURVEY DATA	SPRING 2026	SPRING 2025	% CHANGE	STUDIO	1BED 1BTH	2BED 1BTH	2BED 2BTH	2BED TWNHS	3BED 1BTH	3BED 2BTH
<b>Bend   Redmond</b>	4	Avg market vacancy rate %	3.03	6.02	-50	0	5.56	2.97	0	0	0	
		Avg rent per sq foot \$	1.88	2.19	-14	2.25	2.48	1.73	1.84	1.82	1.57	
		Avg rent per unit type \$				675	1340	1213	1700	1453	1435	
		Sum of units surveyed	189	974		1	36	101	24	8	19	
<b>Eugene   Springfield</b>	55	Avg market vacancy rate %	5.93	3.56	67	5.63	5.3	4.82	7.68	4.81	8.7	8.41
		Avg rent per sq foot \$	2.03	1.86	9	2.71	2.13	1.72	1.96	1.89	1.54	1.73
		Avg rent per unit type \$				971	1389	1488	1994	1887	1613	2093
		Sum of units surveyed	2810	3205		444	728	697	446	140	22	333
<b>Salem   Keizer</b>	38	Avg market vacancy rate %	5.28	5.22	1	10	5.49	6.02	4.56	3.73	2.04	4.02
		Avg rent per sq foot \$	1.7	1.63	4	2.61	1.86	1.65	1.67	1.49	1.48	1.6
		Avg rent per unit type \$				1402	1303	1456	1717	1567	1936	1788
		Sum of units surveyed	2950	3052		70	627	1053	702	225	49	224
<b>Corvallis   Albany</b>	38	Avg market vacancy rate %	6.18	6.22	-1	6.72	4.46	4.14	8.77	4.55	6.9	10.27
		Avg rent per sq foot \$	1.99	1.9	5	2.57	2.21	1.88	1.78	1.55	2.35	1.81
		Avg rent per unit type \$				1208	1306	1434	1794	1500	1811	2045
		Sum of units surveyed	2352	1603		119	740	583	661	45	58	146
<b>Forest Grove   Cornelius</b>	11	Avg market vacancy rate %	6.56	4.5	46	14.29	5.38	5.47	11.9	0	0	0
		Avg rent per sq foot \$	1.97	1.65	19	2.89	2.33	1.66	1.96	1.88	1.63	1.17
		Avg rent per unit type \$				1587	1482	1416	2075	1600	1599	1356
		Sum of units surveyed	457	289		42	130	128	84	2	21	50
<b>McMinnville   Newberg</b>	8	Avg market vacancy rate %	3.61	4.39	-18		2.13	5.74	1.52	4.26		0
		Avg rent per sq foot \$	1.75	1.69	4		1.77	1.71	1.74	1.79		1.92
		Avg rent per unit type \$					1105	1432	1769	1502		1578
		Sum of units surveyed	305	285			47	122	66	47		23
<b>Total avg market vacancy rate %</b>			<b>5.68</b>	<b>4.81</b>	<b>18</b>	<b>6.74</b>	<b>5.03</b>	<b>5.2</b>	<b>6.91</b>	<b>4.18</b>	<b>4.12</b>	<b>6.7</b>
<b>Total avg rent per sq foot \$</b>			<b>1.9</b>	<b>1.82</b>	<b>4</b>	<b>2.68</b>	<b>2.09</b>	<b>1.72</b>	<b>1.79</b>	<b>1.65</b>	<b>1.81</b>	<b>1.68</b>
<b>Total avg rent per unit type \$</b>						<b>1095</b>	<b>1338</b>	<b>1447</b>	<b>1822</b>	<b>1648</b>	<b>1753</b>	<b>1933</b>
<b>Total sum of properties surveyed</b>			<b>154</b>	<b>148</b>	<b>4</b>	<b>34</b>	<b>106</b>	<b>90</b>	<b>47</b>	<b>20</b>	<b>22</b>	<b>35</b>
<b>Total sum of units surveyed</b>			<b>9063</b>	<b>9408</b>	<b>-4</b>	<b>676</b>	<b>2308</b>	<b>2684</b>	<b>1983</b>	<b>467</b>	<b>169</b>	<b>776</b>





**DO YOU OFFER INCENTIVES?** | A YEARLY COMPARISON |

## SECTION 42 SURVEY RESULTS *SPRING 2026*

Number of Properties 114 | Number of Units 7302

UNIT TYPES	VACANCY RATE %	AVG RENT PER SQ FT \$
STUDIO	10.8	2.8
1 BED 1 BATH	4.8	1.9
2 BED 1 BATH	5.0	1.5
2 BED 2 BATH	7.9	1.6
2 BED TOWNHOUSE	9.6	1.5
3 BED 1 BATH	3.0	1.2
3 BED 2 BATH	4.9	1.3
<b>TOTALS</b>	<b>5.8</b>	<b>2.0</b>



## LEASE UPS SURVEY RESULTS *SPRING 2026*

Number of Properties 8 | Number of Units 1334

UNIT TYPES	VACANCY RATE %	AVG RENT PER SQ FT \$
STUDIO	17.6	3.4
1 BED 1 BATH	19.1	2.6
2 BED 1 BATH	11.5	1.9
2 BED 2 BATH	53.7	1.9
3 BED 2 BATH	35.1	2.2
<b>TOTALS</b>	<b>29.0</b>	<b>3.0</b>

---

# WATER IS **THE MOAT**

---

*Arie van Gemeren, CFA  
The Timeless Investor & Lombard Equities Group*

## **SINCE THE DAWN OF CIVILIZATION, MANKIND HAS BEEN DRAWN TO WATER.**

The great cities of history share one thing in common: they rose beside great rivers, at natural harbors, at the confluence of waterways that could sustain a growing population. Mesopotamia between the Tigris and Euphrates. Rome on the Tiber. London on the Thames. Cairo on the Nile. The pattern is not a coincidence — it is literally the oldest law in real estate. Modern technology has obscured this linkage. Desalination, aqueducts, and massive infrastructure projects have allowed cities to grow far from their natural water supply. For a time, it seemed like water was a problem that engineering had solved. But some principles are timeless. And the relationship between water, land, and long-term value is one of them. Which brings us to the Pacific Northwest — and to an investment edge that almost no one is underwriting.

## **THE IGNORED RESOURCE**

When investors model a multifamily deal, they focus on cap rates, rent growth, and vacancy. Almost no one puts water on the checklist. For most of American history, water was so abundant here that it never entered the investment calculus. It was background noise — like air.

That assumption is actively being stress-tested across the country. Phoenix is drawing down the Colorado River. Las Vegas is draining Lake Mead. Farmers in the Central Valley are watching aquifers that took millennia to fill disappear in a generation. The Sun Belt grew on the promise of cheap land and cheap water. One of those promises is breaking.

The Pacific Northwest, by contrast, sits on some of the most reliable fresh water in North America — fed by snowpack, rivers, and rainfall patterns that remain structurally intact. That's not a talking point. It's a geographic fact that doesn't show up in any cap rate model I've ever seen.

*(continued on page 9)*



*Waterfront Park, Portland*



*The Sun Belt grew on the promise of cheap land and cheap water. One of those promises is breaking.*



*Willamette River circa 1963*

## HISTORY'S LESSON

Water has always determined where cities rise and where they stall.

The settlement of the American West was, in large part, a water story. The Owens Valley didn't just lose its water to Los Angeles — it lost its future. Towns that had water thrived. Towns that didn't were abandoned. The lesson from that era wasn't subtle: control the water, and you control the land value.

Blood was literally spilled over this most precious of resources. The “Water Wars” of the American West were well documented. In the 1920s, farmers outside of Los Angeles dynamited the aqueducts stealing their water, multiple times. Armed standoffs were common in earlier periods.

The Colorado River Compact, signed in 1922, allocated water based on the wettest decade in recorded history. Every downstream state has been drawing on borrowed time ever since.

The reckoning is arriving now — in the form of mandatory cutbacks, political fights, and genuine questions about long-term habitability in some of the fastest-growing metros in the country.

None of that uncertainty hangs over Portland. Or Seattle. Or the Willamette Valley.

## WHAT THIS MEANS FOR MULTIFAMILY

For investors focused on Pacific Northwest multifamily, water abundance is a structural tailwind that compounds over time.

### *Here's how it shows up in practice:*

- **Development costs stay lower.** Water-scarce markets are beginning to see impact fees, permitting delays, and infrastructure constraints tied directly to water capacity. That adds cost and friction to new supply — which, ironically, drives up values for existing owners but makes new development harder.
- **Long-term tenant demand is more durable.** People follow water. Climate migration — still early, still underappreciated — is a slow-moving force favoring the Pacific Northwest over the next generation.
- **Regulatory risk is lower.** Jurisdictions under water stress face compounding political pressure. That pressure tends to produce the kind of interventions — moratoriums, restrictions, mandates — that make operating real estate more difficult and less predictable.

## THE UNDERWRITING SHIFT

I'm not suggesting water access replaces the fundamentals. Rent-to-income ratios still matter. Basis still matters. Execution still matters.

But in a world where water access is becoming a problem, it should be on the checklist. Not for ESG purposes, but as a hard underwriting input. What is the municipal water supply's long-term reliability? What's the trend in water costs? Is new development in this submarket being constrained by infrastructure capacity?

These questions don't take long to answer. And they can meaningfully change how you think about where to deploy capital over a 10- or 20-year horizon.



*Vancouver, Washington—Columbia River*

## THE QUIET MOAT

In the Pacific Northwest, water may be a structural advantage that compounds quietly over decades.

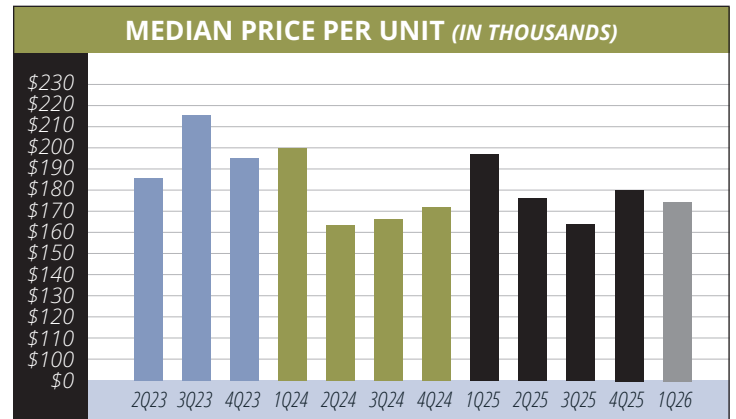
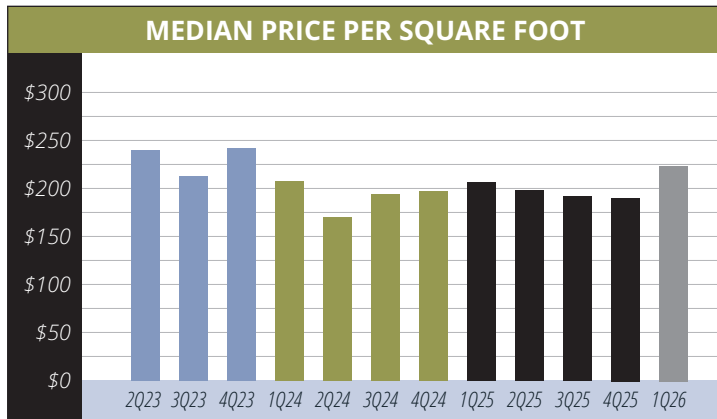
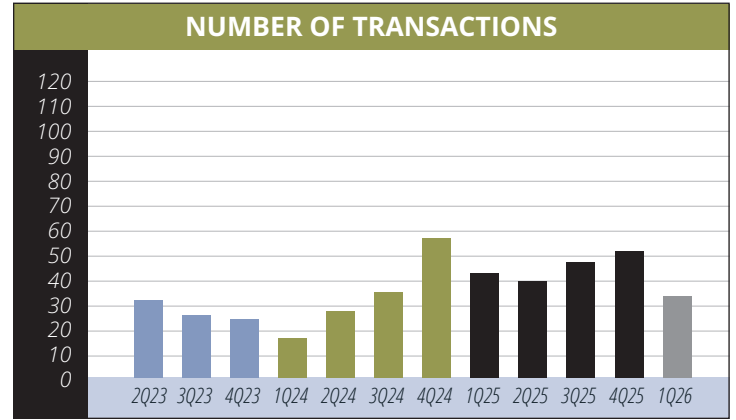
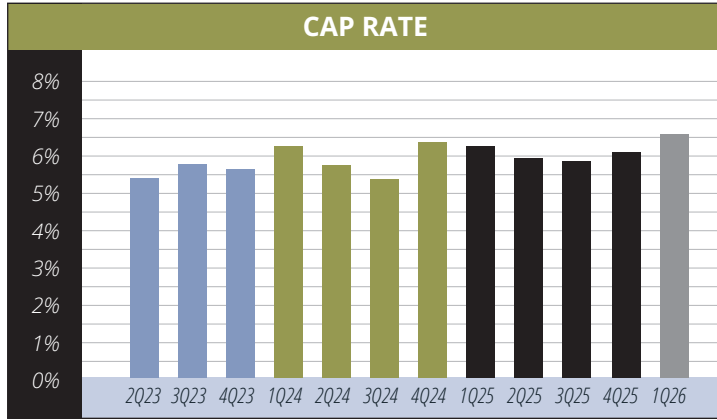
A generation from now, the investors who understood it early will look very smart. The ones who ignored it will wonder why their Sun Belt portfolios underperformed. ■

*Arie van Gemeren is the founder and CEO of Lombard Equities Group, a Pacific Northwest-focused real estate investment firm. He is the author of Timeless Wealth and host of The Timeless Investor Show, The Timeless Investor on Substack, and The Timeless Investor on YouTube.*

# TREND REPORT

## PORTLAND METRO AREA

CoStar: Search Criteria—Research Status: Published;  
Market: Portland; Prop Type: Multi Family; Sale Date:  
4/1/2023–3/31/2026; unit: 5 units and greater.



YEAR	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26
# OF TRANS	31	27	26	17	28	35	57	43	40	48	52	33
TTL \$ VOLUME	\$202,317,583	\$245,999,950	\$329,826,500	\$277,342,500	\$246,025,685	\$432,344,538	\$787,513,960	\$473,973,000	\$481,795,675	\$588,433,030	\$266,822,156	\$320,435,504
TTL BLDG SF	1,663,992	1,806,869	1,398,276	2,114,402	2,171,030	3,775,345	6,665,987	4,114,242	3,185,978	5,076,482	1,770,714	2,996,057
TTL UNITS	886	1,130	1,363	1,231	1,507	1,997	3,888	2,229	2,216	3,336	1,373	1,627
AVG PRICE	\$6,526,374	\$9,111,109	\$12,685,635	\$16,314,265	\$8,786,632	\$12,352,701	\$13,816,034	\$11,022,628	\$12,044,892	\$12,259,021	\$5,131,195	\$9,710,167
AVG # OF SF	28,933	39,112	50,309	74,618	57,643	53,394	60,445	49,656	53,504	65,640	25,621	43,374
AVG \$ BLDG SF	\$225.57	\$232.95	\$252.16	\$218.64	\$152.43	\$231.35	\$228.57	\$221.98	\$225.12	\$186.76	\$200.27	\$223.87
MED \$ P/SF	\$237.18	\$214.23	\$241.88	\$207.26	\$168.42	\$184.82	\$189.54	\$202.07	\$196.83	\$189.21	\$185.95	\$198.48
AVG \$ P/UNIT	\$228,349	\$217,699	\$241,986	\$225,299	\$163,255	\$216,497	\$202,550	\$212,639	\$217,417	\$176,389	\$194,335	\$196,949
MED \$ P/UNIT	\$185,000	\$215,500	\$193,583	\$200,000	\$162,133	\$166,667	\$170,833	\$197,183	\$174,306	\$162,525	\$180,000	\$173,810
AVG # OF UNITS	29	42	52	72	54	57	68	52	55	70	26	49
ACTUAL CAP RATE	5.47%	5.73%	5.66%	6.24%	5.73%	5.41%	6.40%	6.27%	5.98%	5.88%	6.04%	6.56%
AVG GRM	-	13.48	12.94	11.36	11.88	12.98	9.39	11.33	8.71	12.74	10.56	8.36
AVG GIM	-	-	-	-	-	-	-	-	-	-	-	-

# SPRING 2026 APARTMENT FUNDAMENTALS & TRENDS

Patrick O. Barry, Barry & Associates



The phrase “cautiously optimistic” has become a familiar refrain in discussions of the Portland multifamily market, repeated consistently since roughly 2023. While there remains a tendency to look back to the 2013–2020 period, when Portland emerged as a leading market with strong momentum, that comparison is becoming less instructive. Rather than anticipating a return to those conditions, the market appears to be settling into a more durable and predictable phase. This “new normal” reflects a landscape that is clearly different from a decade ago, yet in many respects resembles more traditional market cycles that preceded that period of outsized growth.

## APARTMENT SALES VOLUME & TRANSACTIONS

Transaction activity in the Portland Metro multifamily market rebounded meaningfully in 2025. The year closed with 174 sales across the four-county metro region, representing a 39 percent increase from the 125 transactions recorded in 2024. While activity remains below the long-term average of just over 200 annual sales, the uptick provides a measure of relief for market participants who rely on deal flow.

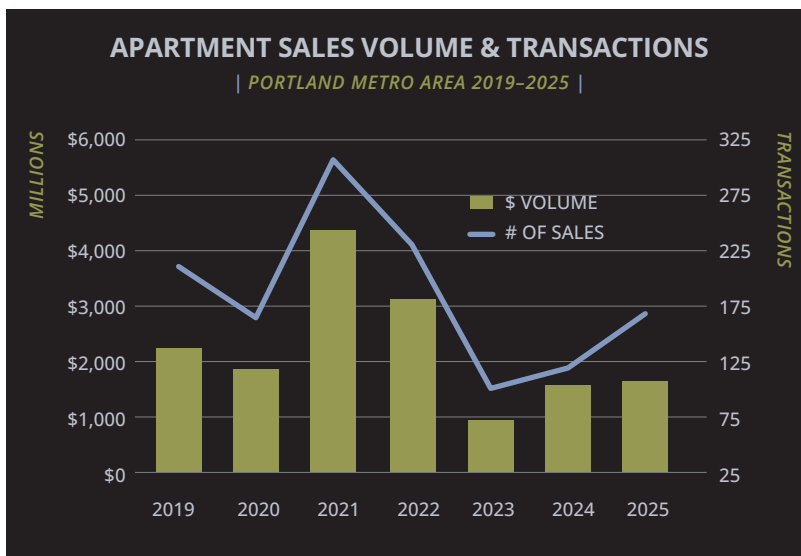
Year over year, total sales volume remained stable at around \$1.75 billion, indicating a decline in average deal size. Even so, the increase in transaction count suggests that buyer confidence is improving, with capital re-engaging across a broader segment of the market.

There are early indications that the momentum observed in 2025 may moderate in 2026. Through the first quarter, transaction activity has trended downward

month-to-month, with 16 sales in January, 10 in February, and 7 in March. While this represents a limited data set, the pattern suggests a more measured pace of activity relative to 2025. However, early 2026 transaction volume should be interpreted cautiously, as sales activity is typically weighted toward the latter half of the year and early-year data may reflect normal seasonality rather than a true slowdown.

Market feedback remains generally constructive, with local participants noting a continued increase in investor interest in the Portland market. However, buyers remain on high alert, with underwriting assumptions remaining conservative and pricing needing to align with perceived risks in the current environment.

Based on CoStar’s latest data, Portland Metro apartment values appear to have bottomed in mid to late 2024 and have since begun to recover, albeit at a measured pace rather than a rapid rebound. While the trajectory may feel gradual, this pattern is not unique to Portland. Similar trends are being observed across many U.S. markets, suggesting that Portland is, for once, moving in line with broader national conditions rather than standing apart. CoStar’s current projections indicate that a return to peak 2022 pricing will take longer than previously anticipated, with a full recovery now expected to extend beyond 2031.



(continued on page 12)

## APARTMENT CONSTRUCTION

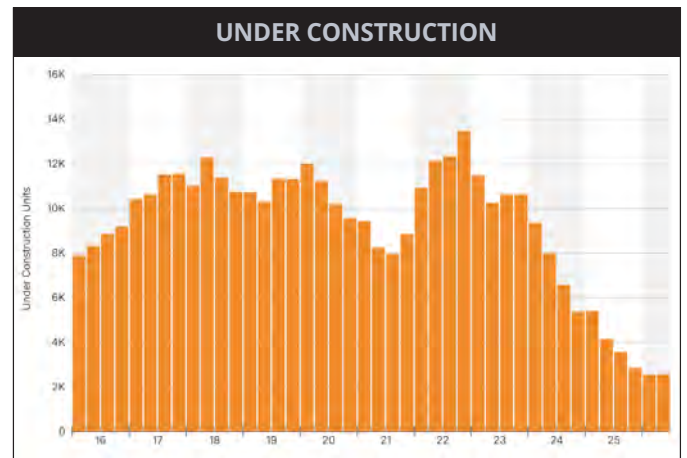
The update on apartment construction remains dismal. Portland Metro is currently on its 16 consecutive quarter of declining development. The last increase in units under construction was experienced in 2nd quarter of 2022. While the market continues to face familiar headwinds, there is a modest uptick in optimism tied to the potential for interest rate relief and gradually tightening fundamentals, which could support lower vacancy and improved rent growth. Still, replacement costs remain well above existing asset values, leaving little economic incentive to pursue new development. The challenges with new development has begun to draw the attention of public officials seeking potential solutions, though any solution that will result in new supply won't be seen for years to come.

Despite this growing awareness, development conditions remain challenging. Replacement costs continue to exceed achievable values, limiting the economic viability of new projects. Financing is also constrained, with relatively few lenders active in the construction space, and even with modest rate improvements, most developments struggle to pencil under current assumptions. Many lenders remain cautious toward new development, as this segment of the market has experienced a disproportionate share of recent distress.

As of Spring 2026, CoStar reports only 2,500 market rate units currently under construction across the metro area —levels comparable to those observed in 2011 and 2012. CoStar projects that annual deliveries will be around 1,500 in 2025 or a low point for this cycle with expectations rising starting in 2027. The City of Portland reports that 1,720 units have expressed interest in the SDC waiver, though many of these projects are in the early stages of planning with no guarantee to break ground.

## VACANCY AND RENT TRENDS

Vacancy rates have shown some variability in recent years, though they remain relatively stable overall. As outlined in the report herein, vacancy



is currently estimated at 6.25 percent, reflecting an increase of 40 basis points year over year. CoStar reports vacancy at stabilized properties at approximately 6.7 percent, with declines projected after 2026. Given the limited pipeline of new supply, further increases in vacancy are not anticipated.

Until vacancies decrease, there will be only limited pressure on rents. CoStar reports that rents declined 1.1 percent in 2023, increased 1.3 percent in 2024, but decreased 0.9 in 2025. CoStar forecasts that annual rents will be flat in 2026 before seeing some increases of 1.5 to 2.5 percent per year through 2031. The Multifamily NW Report survey shows a similar trend that rents decreased from \$2.11 to \$2.08 during the past six months, but remained flat over the past 12 months. Based on appraisal assignments over the past 12 months, professionally managed properties have exhibited clear declines in rents. Operators have increasingly focused on minimizing turnover costs, in some cases opting to reduce rents for in-place tenants rather than risk vacancies.



(continued on page 13)

## APARTMENT VALUE

Consistent with prior cycles, the market appears to have avoided a third consecutive year of declining values, with 2025 showing clear signs of stabilization and early appreciation alongside increased sales activity. From 2009 through 2022, many participants entered the apartment sector during an extended period of strong value growth, reinforcing the perception of multifamily as a relatively low-risk investment. The correction observed in 2023 and 2024 served as a necessary reset, as values declined and previously overlooked risks began to require more deliberate underwriting, concessions, and price adjustments.

In 2022, the Portland Metro apartment market peaked at a median price of \$212,500 per unit and \$224 per square foot. By 2024, values had retreated to \$170,914 per unit and \$191 per square foot, reflecting declines of approximately 20 percent on a per-unit basis and 15 percent per square foot. When all 174 sales from 2025 are considered, median prices increased to \$177,472 per unit and \$195 per square foot. While it may be too early to categorize the market as in a recovery phase, current data indicates the market is moving in a more favorable direction.

While only 33 sales occurred in YTD 2026, the initial numbers suggest continued stabilization of the market. These 33 sales show a median price per unit of \$174,000 and \$198 per Sq. Ft, very similar to 2025.

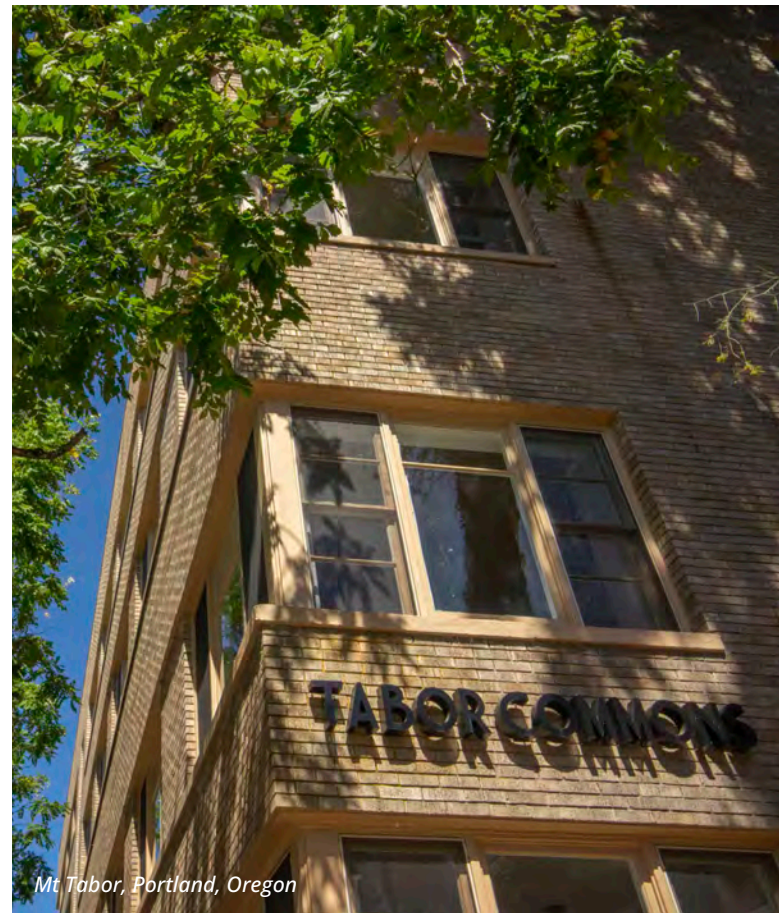
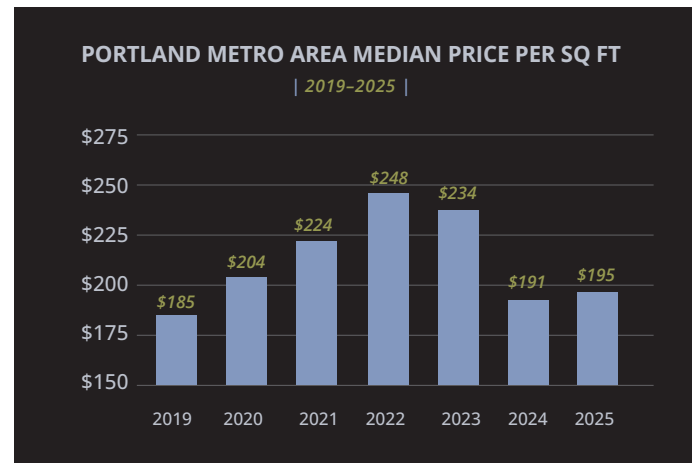
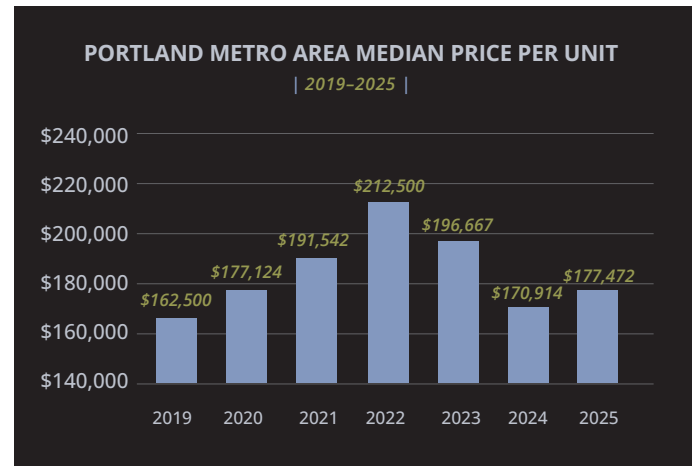
Consistent with the dynamics noted above, it is important to recognize that recent sales activity may not fully reflect the broader market. Over the past several years, transactions have been disproportionately concentrated among assets facing operational or physical distress, less favorable locations, significant value-add requirements, or estate-related motivations, often involving highly motivated sellers. These conditions have generally placed downward pressure on observed pricing relative to stabilized, well-located properties. At the same time, many long-term owners of performing assets continue to hold, as the current environment is not widely viewed as an optimal exit point. Owners and developers of recently constructed apartments are increasingly facing a pivotal decision as loans mature or require restructuring: accept current losses and redeploy capital elsewhere or contribute additional equity and hold through the cycle.

While pricing has adjusted to more attractive levels, the primary question is how value will be created going forward. With only modest appreciation expected, buyers are increasingly focused on assets where value can be driven through operational or physical improvements, or where in-place cash flow provides an adequate return from day one.

Owners who have consistently reinvested in their properties, maintained efficient operations, and kept rents aligned with the market are not necessarily being rewarded with higher valuations in the current environment. The traditional buyer profile willing to pay a premium for quality assets with a long-term hold perspective has yet to meaningfully re-emerge.

CoStar indicates that overall capitalization rates have remained relatively stable over the past 12 months, hovering around 6.10 percent. Feedback from national surveys and discussions with market participants is generally consistent, suggesting cap rates are largely flat, albeit at elevated levels. As presented later herein, it's important to note that changes in values are largely dependent on building type and location.

*(continued on page 14)*



*Mt Tabor, Portland, Oregon*

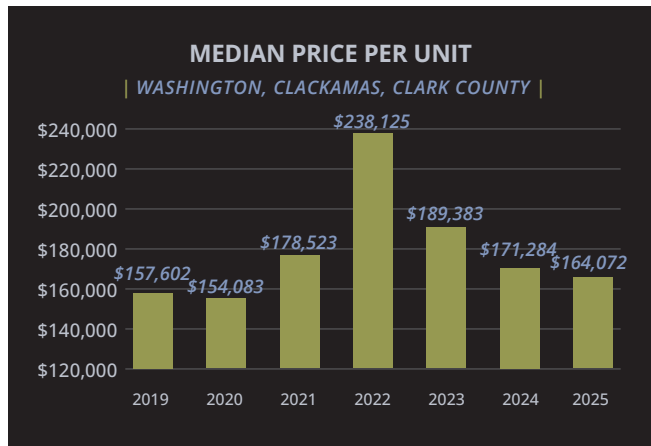
## MARKET SEGMENTS SOME HAVE FARED BETTER

Over the past three years, the change in values is highly dependent upon the submarket. The charts examine suburban apartments outside Multnomah County; new apartments in the City of Portland and outside Portland; and the historic apartments also in the City of Portland.

### SUBURBAN LOCATIONS

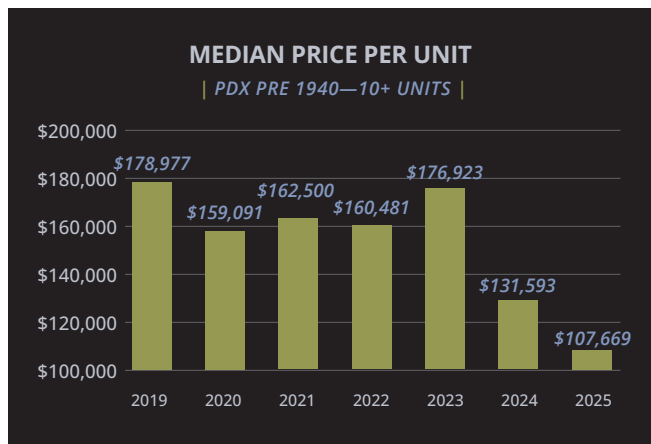
CLACKAMAS, CLARK & WASHINGTON COUNTIES

As challenges within the City of Portland have intensified, including regulatory uncertainty, public safety concerns, and elevated tax burdens, investor preference has increasingly shifted toward suburban markets. While suburban assets have not been immune to softening conditions, with median price per unit declining 4.2 percent in 2025, they continue to be viewed by many investors as offering a comparatively stable long-term outlook relative to urban assets.



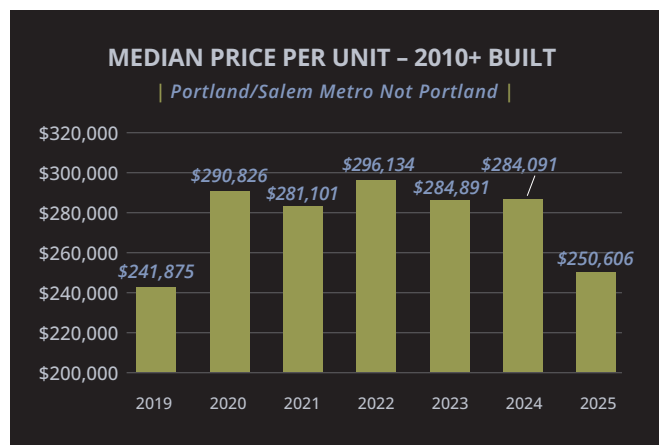
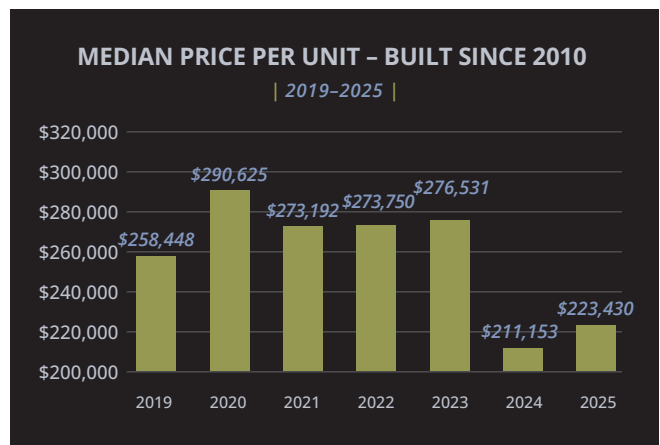
### HISTORIC PORTLAND PRE-1940

Older, historic apartments in the urban core remain among the most challenged segments of the market, attracting interest from a limited buyer pool and continuing to face a range of headwinds, including difficulty securing insurance, smaller unit layouts less suited to work-from-home trends, livability concerns, elevated maintenance costs, constrained financing, and increased tax exposure from the City of Portland. Values have declined significantly, with median price per unit down approximately 39 percent since 2023, and 2025 pricing now aligning with levels seen in 2013. With a growing number of these assets currently being marketed for sale, the segment appears to still be in the process of finding a pricing floor.



### NEW APARTMENTS PORTLAND POST 2010

Newer apartments built since 2010 represent another segment that has faced notable pressure, particularly within the City of Portland. While median pricing showed limited movement from 2024, values remain well below peak levels, reflecting the impact of distressed sales and ongoing capital constraints. In contrast, comparable assets in suburban portions of the Portland/Salem Metro have experienced more moderate declines, indicating relatively greater resilience. The data suggests that while suburban product has adjusted, the urban core continues to bear the brunt of market distress, with many recently developed assets facing refinance challenges and owners weighing additional equity contributions against discounted sale pricing.



(continued on page 15)

## PORTLAND METRO MEDIAN PRICE PER UNIT

| 1989—YTD 2026 |



## SUMMARY

In summary, the Portland multifamily market continues to stabilize following a period of correction. Transaction activity has improved, values have largely leveled, and limited new supply should support fundamentals over time. While certain urban segments remain challenged, investor interest is returning, underwriting is more disciplined, and the market appears to be moving toward a more balanced and sustainable phase.

Over the long term, the chart indicates that the rapid appreciation following the Great Recession represents an outlier rather than a typical market cycle. As a result, it should not be used as a baseline for future expectations. Going forward, broader market conditions are expected to reflect more moderate, fundamentals-driven growth, with appreciation more closely aligned with income and operational performance. ■

*Patrick O. Barry (pb@barryapartmentreport.com) is a certified general appraiser with Barry & Associates, which specializes in apartment appraisal work in the Portland metropolitan area. Patrick is an engineering graduate of the University of Colorado.*

**OnPoint<sup>®</sup>**  
**COMMUNITY CREDIT UNION**

---

# MULTIFAMILY INSURANCE MARKET SUMMARY

---

*Mike Nielsen, Nielsen Insurance, Inc.*

The insurance market for multifamily has experienced significant changes in recent years. While insurance premiums have risen notably over the past several years, underwriting scrutiny has also increased markedly.

While carriers are leveling off slightly in the premium arena, underwriters are continuing to focus on specific property characteristics that favor profitability. Inspections and recommendations often require capital investments in properties to upgrade or modify existing systems and structures.

Most carriers require that certain systems have been upgraded within the last 30 years. Items such as heating/HVAC, plumbing, roofing, baluster spacing, fencing height, and electrical systems frequently need modification or replacement. The argument that they were up to code at the time of construction, or that they meet current city codes no longer applies in many cases.

---

## EXAMPLES OF FREQUENT RECOMMENDATIONS OR REQUIRED CHANGES:

- **Electrical Panels that are usually required to be replaced include:** Zinsco, GTE Sylvania, FPE Stab-lok, Square D, Challenger and Pushmatic Bulldog.
- **Fencing around pools require 5' height and be non-climbable,** as well as having a self-closing, self-locking latch.
- **Stair balusters need to be non-climbable and no more than 4" apart** as well as for any railings or balconies.
- **Raised cement needs to be ground down and repaired.**
- **Water heaters need to be strapped and unobstructed.**
- **Trees are required to be trimmed back away from structures.**
- **Well-maintained properties** with good lighting on paths and parking areas are preferred.

---

It is a constantly evolving world of risk assessment by insurance carriers. Proactive ownership involvement is vital in helping to alleviate future insurance increases and stability for their insurance programs. ■

*For more than 20 years Mike Nielsen has been the owner of Nielsen Insurance, Inc., a top commercial agency in Oregon with expertise in large portfolio management and multifamily/habitational insurance services.*



“

*Proactive ownership involvement is vital in helping to alleviate future insurance increases and stability for their insurance programs.*

---

## MULTIFAMILY FINANCE

### WHAT TO KNOW IN 2026

---

*Matt Illias, Senior Managing Director,  
Partner at Ethos Commercial Advisors*

Multifamily financing in the Pacific Northwest remains active in 2026, though the market is more selective than it was a year ago. Capital is available across construction, bridge, and permanent debt, but lenders are placing greater weight on sponsorship, liquidity, and execution. For well-capitalized borrowers with experience and a clear business plan, the market continues to offer real opportunity.

The rate story, however, is more nuanced than a simple year-over-year comparison. The 10-year Treasury began the year at 4.19% on January 2, 2026, declined to 3.97% on February 27, and then climbed back to 4.30% by March 31. One year earlier, it stood at 4.20% on April 2, 2025. On paper, that makes rates look relatively unchanged over twelve months. In practice, the rate fluctuation created a very different experience for borrowers with loans under application but not yet rate locked. Because many multifamily loans are debt-service-coverage constrained, the recent rise in Treasuries reduced proceeds even where lender spreads themselves remained fairly steady.

That dynamic has been especially relevant in the permanent loan market. Fannie Mae and Freddie Mac remain core sources of liquidity for stabilized multifamily, and agency spreads are still generally landing in the range of roughly 100 to 170 basis points over the corresponding Treasury, with the sharpest pricing reserved for lower leverage and stronger debt coverage. What has shifted somewhat over the last year is not so much agency appetite as agency preference: stronger sponsorship, deeper operating history, and larger ownership platforms appear to be carrying more weight in the underwriting process. That trend tends to favor institutional-quality borrowers and established portfolio owners.

At the same time, banks, credit unions, and life insurance companies across the Northwest remain highly competitive. In many cases, these lenders are offering attractive fixed-rate executions, and banks and credit unions in particular continue to provide flexible structures, including non-recourse options, varied term lengths, and interest-only periods that compare favorably with agency financing. For borrowers who value certainty of execution, structure, and relationship-driven lending, these capital sources remain some of the most compelling options in the market today.

Bridge capital is readily available, particularly for construction takeouts and newer assets that need additional time to stabilize. Debt funds, life companies, and select banks continue to show appetite, though spreads have widened modestly in recent weeks. By contrast, traditional value-add bridge deals appear less common. Higher borrowing costs, paired with flatter rent growth across much of the region, have made renovation-driven strategies harder to underwrite unless the going-in basis is especially attractive.



“

*For well-capitalized  
borrowers with experience  
and a clear business plan, the  
market continues to offer  
real opportunity.*

Construction financing is showing improvement. More banks, regional lenders, and credit unions are returning to the market, and leverage has generally moved higher for stronger projects. Even so, debt is often not the primary obstacle. More often, the challenge is filling the equity portion of the capital stack in a way that still allows a project to move forward. For many sponsors, that remains the central constraint on new multifamily development in the Northwest.

The broader takeaway is straightforward: multifamily financing in the Northwest is available, but disciplined. Lenders remain active across the capital stack, yet they are rewarding experience, balance-sheet strength, and execution certainty more than ever. In that environment, borrowers who can bring those elements together are still finding meaningful opportunity in 2026. ■

*Matthew Illias serves as Senior Managing Director, Partner at Ethos Commercial Advisors, specializing in originating permanent, construction, and structured financing across multifamily, industrial, office, and retail properties.*

# THANK YOU TO OUR PARTNERS

## MARKET INSIGHT PARTNER



## STRATEGIC PARTNER



## DIGITAL REPORT PARTNER



## DISTRIBUTION PARTNER



## MARKET BRIEF PARTNERS



## INDUSTRY SUPPORT PARTNERS



### STRATEGIC PARTNER



2026 ANNUAL PARTNERS



### PLATINUM PARTNERS



### GOLD PARTNERS



### SILVER PARTNERS



MULTIFAMILY NW  
**2026**  
BOARD OF DIRECTORS

| INTERIM DIRECTOR |

**Kristen Davies**

*kristen@multifamily.org*

| PRESIDENT |

**Tiffany Wallace**

*Meritus Property Group*

| VICE PRESIDENT |

**Marcel Gesmundo**

*Andor Law*

| SECRETARY |

**Brent Ellifritz**

*PG Long Floorcovering*

| TREASURER |

**Jessie Dhillon**

*Carla Properties, Ltd.*

| IMMEDIATE PAST PRESIDENT |

**Andie Smith**

*Pacific Urban Investors*

| DIRECTORS |

**Brandy Guthery**

*Greystar*

**Angela Hastings**

*Avenue5 Residential*

**Michael Havlik**

*PSU Center for Real Estate*

**Tim Jellum**

*Mill Creek Residential*

**Cambry Leahy**

*Cushman & Wakefield*

**Dan Mason**

*MG Properties*

**Kimberly McCafferty**

*Lifetime Exteriors*

**Leilani Reyes Stone**

*HD Supply*

**Brad Smith**

*Windsor Properties*

**Leah Sykes**

*Andor Law*

**Sylvia Walker**

*Princeton Property Management*

**Jennifer Wyncoop**

*CRMG*

THANK YOU TO ALL WHO CONTRIBUTED  
**TO THE MAKING OF THIS REPORT**

3 Point Property Management  
ADI Properties  
Adler Residential Properties, LLC  
Affinity Property Management  
American Property Management  
Apartment Management Consultants  
Apartments NW  
Asset Living  
Avenue 5 Residential  
Barker & Calkins, Inc.  
Bristol Equities Inc.  
Cambridge Real Estate Services  
Capital Property Management Services, Inc.  
Carla Properties, Ltd.  
Cascade Management, Inc  
CloudTen  
Commercial Property Resources, Inc  
CRMG  
Crown Property Management  
CTL Management, Inc.  
Cushman & Wakefield  
Fore Property Company  
GMC Properties Corporation

Guardian Real Estate Services, LLC  
Holland Partner Group - Residential  
Jennings Group, Inc.  
KBC Management  
Koz Development, LLC  
Mainlander Property Management, Inc.  
MDI Management  
Mill Creek Residential  
NRS Property Management, LLC  
Princeton Property Management  
Pure Property Management - Oregon  
Quantum Residential  
Realvest Asset Management  
RedTail Residential  
Regency Management, Inc.  
Sequoia Equities  
SMI Property Management  
Sterling Management Group, Inc.  
Stratum  
The Management Group  
VCS Commercial Realty  
Villa Property Management  
WPL Associates



*Beaverton, Oregon*

**Multifamily NW® | 16083 SW Upper Boones Ferry Road | Suite 105 | Tigard, OR 97224 | 503.213.1281**

*This report would not be possible without the dedication and commitment of the Multifamily NW staff and the Apartment Report Committee. Thank you to the many contributors, writers and consultants who have generously taken the time to provide this information.*

*For more information on Multifamily NW or to comment on this report, please visit us on the web at [www.multifamilynw.org](http://www.multifamilynw.org). The opinions contained in this report are those of the authors and do not necessarily represent the opinions or positions of Multifamily NW.*